GOVERNMENT OF INDIA
CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION
LOK SABHA

UNSTARRED QUESTION NO:556
ANSWERED ON:23.02.2001
REDUCTION IN THE QUANTITY OF LEVY SUGAR
DR. KIRIT SOMAIYA

Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION be pleased to state:

(a) whether the Government have decided to reduce the quantity of levy sugar in a move to further liberalize the sugar sector and improve the health of beleaguered sugar industry;

(b) if so, the details thereof;

(c) whether the Government have taken steps to make timely payment of cane prices and to liquidate farmers` arrears; and

(d) if so, to what extent the Indian Sugar Industry is likely to be benefited as a result of these steps?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION (S SREENIVASA PRASAD)

(a) & (b) : Yes, Sir. The Central Government have reduced the levy obligation from 30% to 15% w.e.f. 1st February, 2001 on every domestic producer and importer of sugar.

(c) The Central Government have taken the following measures to clear/liquidate the cane price arrears:

1. Closely monitoring the cane price payment position and writing to the State Governments from time to time at the highest level wherever necessary as the responsibility of cane price payment lies primarily with the State Governments.

2. Reduction in levy obligation of sugar mills from 40% to 30% w.e.f. 1.1.2000 and again to 15% w.e.f. 1.2.2001.

3. Increased the custom duty to 60% w.e.f. 9.2.2000 on the imported sugar along-with existing countervailing duty of Rs. 850 per tonne so as to restrict inflow of sugar in the country.

4. pursuing a policy of encouraging stability and reasonable level of sugar prices in the domestic market through judicious releases of freesale sugar quotas.

5. Making advance releases of freesale sugar to needy sugar mills enabling them to clear cane price dues of the farmers.

6. Permitted export of 10 lakh tonnes of sugar.

7. Bringing abut amendment in the Sugarcane (Control) Order, 1966 w.e.f. 29.11.2000 thereby giving more powers to the Central Government and the State Governments for recovery of sugarcane dues by treating them as the dues of land revenue.

(d) These steps/measures are sure to improve the health of the industry in general and reduction in levy in particular will enable the sugar producers more realisation out of freesale sugar.